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Japan - Commerce Treaty VII

September 18, 1958.

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TO : L - Mr. Becker
FROM : L/E - Stanley D. Metzger
SUBJECT: Proposed reply to Ford Motor Company concerning FGM Treaty with Japan.

You expressed concern regarding the proposed reply to a letter from the General Counsel of the Ford Motor Company dated August 14, 1958. You inquire whether the interpretation contained in the proposed reply is accurate insofar as it concerns the provision of Article VI, paragraph 3, relating to compensation for expropriated property "in an effectively realizable form." Specifically you question the statement in the draft letter that the clause "in an effectively realizable form" is susceptible of payment in local currency.

It should be noted that the basic rule of Article 6, paragraph 3, is just compensation. In other words, when the power of taking is exercised it can only be done, in accordance with the treaty, by giving the party, whose property is taken or whose use and enjoyment of such property is interfered with, just compensation. This basic rule is elaborated upon in the second sentence of paragraph 3, Article VI, by providing that such compensation shall be in "an effectively realizable form" and shall represent the full equivalent of the property taken, etc." This sentence contains a specification of the elements of the basic rule for the purpose of emphasis and to strengthen the international concept of what just

compensation

DEPARTMENT OF STATE	
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TS AUTH. <i>[Signature]</i>	
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